


[Home](#) | [Latest Filings](#) | [Previous Page](#)
[Search the Next-Generation EDGAR System](#)

U.S. Securities and Exchange Commission

Filing Detail

[SEC Home](#) » [Search the Next-Generation EDGAR System](#) » [Company Search](#) » [Current Page](#)
Form 10-K - Annual report [Section 13 and 15(d), not S-K Item 405]
SEC Accession No. 0001159154-14-000020
Filing Date

2014-03-11

Period of Report

2013-12-31

Accepted

2014-03-10 21:00:14

Filing Date Changed

2014-03-10

Documents

14

[Interactive Data](#)

Document Format Files

Seq	Description	Document	Type	Size
1	10-K	rjet12311310k.htm	10-K	2444274
2	CONSENT	consentex2312013.htm	EX-23.1	3020
3	CEO CERTIFICATION	rjet123113ex311.htm	EX-31.1	12428
4	CFO CERT	rjet123113ex312.htm	EX-31.2	12327
5	CEO SOX	rjet123113ex321.htm	EX-32.1	7997
6	CFO SOX	rjet123113ex322.htm	EX-32.2	7974
13		b3dec2013systemall.jpg	GRAPHIC	853643
14		d3rjet2013.jpg	GRAPHIC	98435
	Complete submission text file	0001159154-14-000020.txt		15130747

Data Files

Seq	Description	Document	Type	Size
7	XBRL INSTANCE DOCUMENT	rjet-20131231.xml	EX-101.INS	2106295
8	XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT	rjet-20131231.xsd	EX-101.SCH	102940
9	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE DOCUMENT	rjet-20131231_cal.xml	EX-101.CAL	134148
10	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE DOCUMENT	rjet-20131231_def.xml	EX-101.DEF	377900
11	XBRL TAXONOMY EXTENSION LABEL LINKBASE DOCUMENT	rjet-20131231_lab.xml	EX-101.LAB	1094571
12	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE DOCUMENT	rjet-20131231_pre.xml	EX-101.PRE	555158

REPUBLIC AIRWAYS HOLDINGS INC (Filer) CIK:
0001159154 (see all company filings)

Business Address
8909 PURDUE ROAD
SUITE 300

Mailing Address
8909 PURDUE ROAD
SUITE 300

10-K rjet12311310k.htm 10-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
- FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 000-49697

REPUBLIC AIRWAYS HOLDINGS INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)06-1449146
(I.R.S. Employer Identification Number)8909 Purdue Road, Suite 300, Indianapolis, Indiana 46268
(Address of principal executive offices) (Zip Code)(317) 484-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes NoIndicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy statement incorporated by (§229.405 of this chapter) reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer
(Do not check if a smaller reporting company)Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The aggregate market value of Common Stock held by non-affiliates (based upon the closing sale price of the Common Stock on the NASDAQ National Market System (now the NASDAQ Global Market System) on June 30, 2013 was approximately \$558,602,152.

Indicate the number of shares outstanding of the registrant's Common Stock as of the latest practicable date: As of March 10, 2014, 49,589,511 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement to be used in connection with its 2014 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

TABLE OF CONTENTS***Part I***

Item 1.	Business	<u>4</u>
Item 1A.	Risk Factors	<u>15</u>
Item 1B.	Unresolved Staff Comments	<u>24</u>
Item 2.	Properties	<u>25</u>
Item 3.	Legal Proceedings	<u>26</u>
Item 4.	Mine Safety Disclosures	<u>27</u>

Part II

Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases Of Equity Securities	<u>28</u>
Item 6.	Selected Financial Data	<u>30</u>
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>33</u>
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	<u>46</u>
Item 8.	Financial Statements and Supplementary Data	<u>47</u>
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	<u>77</u>
Item 9A.	Controls and Procedures	<u>77</u>
Item 9B.	Other Information	<u>78</u>

Part III

Item 10.	Directors, Executive Officers and Corporate Governance	<u>78</u>
Item 11.	Executive Compensation	<u>79</u>
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	<u>79</u>
Item 13.	Certain Relationships and Related Transactions, and Director Independence	<u>79</u>
Item 14.	Principal Accounting Fees and Services	<u>79</u>

Part IV

Item 15.	Exhibits, Financial Statements Schedules	<u>79</u>
Signatures		<u>88</u>

Forward-Looking Statements

In addition to historical information, this Annual Report on Form 10-K contains forward-looking statements. Republic Airways Holdings Inc. (the “Company”) may, from time to time, make written or oral forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements encompass our beliefs, expectations, hopes or intentions regarding future events. Words such as “may,” “will,” “should,” “expect,” “plan,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue,” the negative of such terms or other terminology are used to identify forward-looking statements. All forward-looking statements included in this Annual Report on Form 10-K are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any forward-looking statement. Our results could differ materially from those anticipated in these forward-looking statements for many reasons, including, among others, the “Risk Factors” set forth herein.

PART I**ITEM 1. BUSINESS****General****Overview**

We are a Delaware holding company organized in 1996 that offers scheduled passenger services through our wholly-owned operating air carrier subsidiaries: Chautauqua Airlines, Inc. ("Chautauqua"), Shuttle America Corporation ("Shuttle") and Republic Airline Inc. ("Republic Airline"). Unless the context indicates otherwise, the terms the "Company," "we," "us," or "our," refer to Republic Airways Holdings Inc. and our subsidiaries.

As of December 31, 2013, our operating subsidiaries offered scheduled passenger service on 1,390 flights daily to 118 cities in 41 states and Canada under scheduled passenger service through our fixed-fee code-share agreements with United Continental Holdings, Inc. ("United"), Delta Air Lines, Inc. ("Delta"), and US Airways, Inc. ("US Airways")/American Airlines, Inc. ("American") (collectively referred to as our "Partners"). Currently, we provide our Partners with fixed-fee regional airline services, operating as Delta Connection, United Express, US Airways Express, or American Eagle, including service out of their hubs and focus cities. The Company operated aircraft under a pro-rate agreement with Frontier Airlines, Inc. ("Frontier") which terminated during the first quarter of 2014.

The following table outlines the type of aircraft our subsidiaries operate and their respective operations within our business units as of December 31, 2013:

Operating Subsidiaries	Aircraft Size (Seats)	US				Number of Aircraft
		United	Delta	Airways/American	Frontier	
Chautauqua	44 to 50	12	41	15	—	4 72
Shuttle	70 to 76	38	30	—	—	— 68
Republic Airline	69 to 99	28	—	74	2	14 118
Total number of operating aircraft		78	71	89	2	18 258

During 2013, our operational fleet increased from 226 to 258. The company took delivery of 14 Q400s and 19 E175s. One E135 was subleased and two E190s were sold. Additionally, two aircraft previously subleased were returned and are included as operational spares.

We have fixed-fee regional jet code-share agreements with each of our Partners that require us to maintain specified performance levels. Pursuant to these fixed-fee agreements, which provide for minimum aircraft utilization at fixed rates, we are authorized to use our Partners' two-character flight designation codes to identify our flights and fares in our Partners' computer reservation systems, to paint our aircraft in the style of our Partners, to use their service marks and to market ourselves as a carrier for our Partners. Our fixed-fee agreements have historically limited our exposure to fluctuations in fuel prices, fare competition and passenger volumes. Our development of relationships with multiple major airlines has enabled us to reduce our dependence on any single airline, allocate our overhead more efficiently among our Partners and reduce the cost of our services to our Partners.

Sale of Frontier

The company sold Frontier during the fourth quarter of 2013 and has classified its Frontier business as discontinued operations. Unless otherwise specified, all financial information disclosed is from continuing operations.

On October 1, 2013, the company reported that it had agreed to sell its Frontier business to an affiliate of Indigo Partners LLC ("Indigo"). On November 6, 2013, Indigo informed the company that it had satisfied or waived certain key conditions to close under the transaction. The transaction closed on December 3, 2013. Indigo acquired all the outstanding shares of Frontier Airlines Holdings, Inc. As part of the transaction, under a separate agreement, Republic assigned Frontier all of Republic's rights under agreements relating to Republic's Airbus A320neo order.

Business Strategy

- *Continue to operate a high-quality fleet of aircraft across an efficient network* - We intend to maintain a modern, high-quality fleet of regional aircraft that meets or exceeds stringent industry operating standards and complies with the terms of our fixed-fee regional aircraft code-share agreements. Our operations are concentrated in the Northeast and Midwest and we staff our crew and maintenance bases to leverage our resources across our network. See route map on page 6.
- *Continue to provide efficient and effective solutions to our Partners* - We have strong, long-term relationships with each of our Partners and have historically worked together with them to meet their operational and network needs. Historically, we have provided safe, reliable, and cost-efficient solutions for our Partners. We remain focused on anticipating and continuing to assist our Partners with their business strategies.
- *Take advantage of growth opportunities to operate larger regional jets* - Network carrier consolidation, along with high fuel prices, has limited the economic use of smaller regional jets. Our Partners have shown an interest in having more, larger regional jets in their networks. We believe our existing relationship with our Partners and our strong relationship with Embraer make us well-positioned to take advantage of any growth opportunities.
- *Develop culture that attracts and retains qualified airline professionals* - Working together, we will provide the safest, most reliable and convenient travel experience for our passengers and a positive work environment for our associates. We strive to make our Company the employer of choice for regional airline professionals enabling us to develop mutually beneficial working relationships with our business partners.

Markets and Routes*Markets*

As of December 31, 2013, we offered scheduled passenger service on 1,390 flights daily to 118 cities in 41 states and Canada.

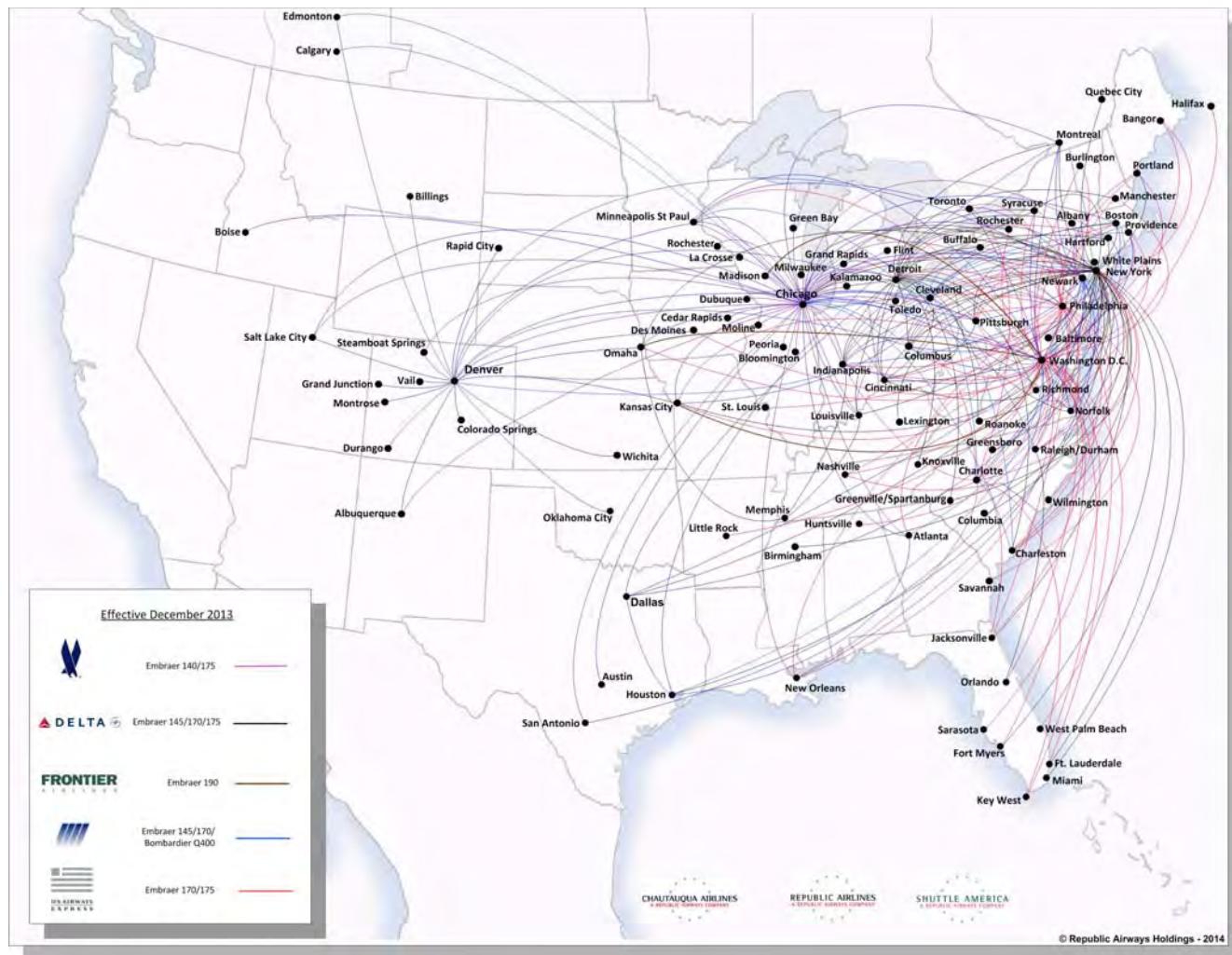
Routes

Our Partners determine the routes that we operate for them, which are subject to certain parameters in our agreements. The following table illustrates the major hubs of our Partners into which we operate significant levels of service as of December 31, 2013:

Partner	Hub and Focus Cities
Delta	New York, NY (LGA and JFK); Detroit, MI (DTW); Cincinnati, OH (CVG)
United	Chicago, IL (ORD); Newark, NJ (EWR); Denver, CO (DEN); Washington Dulles (IAD); Cleveland, OH (CLE); Houston, TX (IAH)
US Airways/American	Charlotte, NC (CLT); Philadelphia, PA (PHL); Washington Reagan (DCA); Chicago, IL (ORD)

Routes

The following illustrates the routes we flew for our Partners as of December 31, 2013:



Maintenance of Aircraft and Training

Using a combination of Federal Aviation Administration ("FAA") certified maintenance vendors and our own personnel and facilities, we maintain our aircraft on a scheduled and "as-needed" basis. We emphasize preventive maintenance and inspect our aircraft engines and airframes as required.

The following table represents our maintenance agreements for engines, auxiliary power units ("APU") and other airframe components for our E140/145, E170/175 and Q400 aircraft:

Maintenance Agreements	Expiration Date of Agreement:		
	E140/145	E170/175	Q400
Engines	December 2017 ⁽²⁾	December 2018 ⁽³⁾	June 2021 ⁽²⁾
APU	March 2014	July 2019	July 2021
Avionics	December 2017	December 2014	NA ⁽¹⁾
Wheels and Brakes	June 2014	February 2017	August 2022 ⁽⁴⁾
Parts pooling	September 2014	January 2020	July 2021
Emergency Slides	NA ⁽¹⁾	May 2018	NA ⁽¹⁾
Tires	NA ⁽¹⁾	NA ⁽¹⁾	July 2021
Propellers	NA ⁽¹⁾	NA ⁽¹⁾	July 2021

⁽¹⁾ Agreements do not exist for the specified maintenance item for the related aircraft type.

⁽²⁾ Maintenance agreements for engines include life limited parts ("LLPs") for E140/145 and Q400 aircraft. As of December 31, 2013 and 2012, we had maintenance deposits of \$36.6 million and \$28.1 million, respectively, primarily for the future replacement of LLPs.

⁽³⁾ E175 aircraft delivered in 2013 are not included under existing engine maintenance agreements.

⁽⁴⁾ Q400 maintenance agreement does not include wheels.

Under these agreements, we are charged for covered services based on a fixed rate for each flight hour or flight cycle accumulated by the engines or airframes in our service during each month. The rates are subject to annual revisions, generally based on certain Bureau of Labor Statistics' labor and material indices. We believe these agreements, coupled with our ongoing maintenance program, reduce the likelihood of unexpected levels of engine, APU, avionics, wheels and brakes, emergency slides, and select rotatable parts maintenance expense during their term. Certain of these agreements contain minimum guarantee amounts, penalty provisions for either the early removal of aircraft or agreement termination for activity levels below the minimums.

We perform our heavy and overnight maintenance at our facilities in Columbus, Indianapolis, Louisville, Pittsburgh and Kansas City, and we perform routine maintenance services from select line maintenance locations.

All mechanics and avionics specialists employed by us have appropriate training and experience and hold required licenses issued by the FAA. We provide periodic in-house and outside training for our maintenance and flight personnel and also take advantage of manufacturers' training programs that are offered when acquiring new aircraft.

We have agreements with Flight Safety International to provide for aircraft simulator training for our pilots. We have no current plans to acquire our own simulator in the near term and believe that Flight Safety or other third party vendors will be able to provide us with adequate and cost effective flight simulator training for our pilots.

Employees

As of December 31, 2013, we employed 5,821 full-time equivalent employees. The following is a table of our principal collective bargaining agreements and their respective amendable dates as of December 31, 2013:

Employee Group	Number of Full-Time Equivalent Employees	Representing Union	Amendable Date
Pilots	2,205	International Brotherhood of Teamsters Airline Division Local 357 (Chautauqua, Republic, and Shuttle)	*Oct-07
Flight Attendants	1,845	International Brotherhood of Teamsters Airline Division Local 135	Jul-18
Dispatchers	83	Transport Workers Union of America Local 540	Aug-18

** The Company has reached a tentative agreement with the union for a four year term which it expects will be voted on in March 2014.*

As of December 31, 2013, we had 1,688 employees who are not currently represented by any union. Because of the high level of unionization among our employees, we are subject to risks of work interruption or stoppage and/or the incurrence of additional expenses associated with union representation of our employees. We have never experienced any work stoppages or other job actions and generally consider our relationship with our employees to be good.

Executive Officers of the Company

The following table sets forth information regarding our current executive officers, directors and key employees as of December 31, 2013:

Name	Age	Position
Bryan K. Bedford	52	Chairman of the Board, President and Chief Executive Officer
Wayne C. Heller	55	Executive Vice President, Chief Operating Officer
Timothy P. Dooley	40	Executive Vice President, Chief Financial Officer, and Secretary
Lars-Erik Arnell	53	Senior Vice President, Corporate Development
Lawrence J. Cohen	58	Director
Douglas J. Lambert	56	Director
Mark L. Plaumann	58	Director
Neal S. Cohen	53	Director

Bryan K. Bedford joined us in July 1999 as our President and Chief Executive Officer and a member of our board of directors and became chairman of the board in August 2001. From July 1995 through July 1999, Mr. Bedford was the president and chief executive officer and a director of Mesaba Holdings, Inc., a publicly-owned regional airline. He has over 25 years of experience in the regional airline industry, and was named regional airline executive of the year in 1998 by Commuter and Regional Airline News and again in 2005 by Regional Airline World magazine and again in 2009 by Airline Business magazine. Mr. Bedford is a licensed pilot and a Certified Public Accountant. He also served as the 1998 Chairman of the Regional Airline Association ("RAA") and remains on the Board of Directors of the RAA.

Wayne C. Heller joined us in August 1999 as Vice President—Flight Operations with responsibility for flight crew supervision, system control, flight safety and flight quality standards. In February 2002, he became Executive Vice President and Chief Operating Officer of Chautauqua, one of the Company's subsidiaries, and assumed responsibility for all aircraft maintenance, records and engineering. From April 1996 until August 1999, he was employed by Mesaba Airlines, Inc. as its Director of System Operations Control. He is a licensed pilot and a licensed dispatcher and has over 31 years of regional airline experience in operations.

Timothy P. Dooley joined Chautauqua Airlines, one of the Company's subsidiaries, in November 1998 as Manager, Financial Planning and Analysis. He was promoted to Director, Financial Planning and Analysis for the Company in January 2001 and was promoted to the office of Vice President, Financial Planning and Analysis for the Company in June 2006. In April 2011, he became Senior Vice President and Chief Financial Officer and was promoted to the office of Executive Vice President, Chief Financial Officer and Secretary in November 2013. Before joining Chautauqua, he was a senior auditor for Ernst & Young, LLC. He received his Bachelor of Science degree in Accounting and Marketing from Indiana University's Kelley School of Business in Bloomington, Indiana.

Lars-Erik Arnell joined the Company in September 2002 as Vice President of Corporate Development. In April 2011, he became Senior Vice President of Corporate Development. Prior to joining the Company, he held various financial positions in the transportation industry including the regional airline, air medical transportation, truckload and global manufacturing industries. Mr. Arnell has deep knowledge and experience financial management, restructuring, business development, and mergers and acquisitions.

Lawrence J. Cohen has been a Director since June 2002. He is the owner and Chairman of Pembroke Companies, Inc., an investment and management firm that he founded in 1991. The firm makes investments in and provides strategic management services to real estate and specialty finance related companies. From 1989 to 1991, Mr. Cohen worked at Bear Stearns & Co. where he attained the position of Managing Director. From 1983 to 1989, Mr. Cohen served as first Vice President in the Real Estate Group of Integrated Resources, Inc. From 1980 to 1983, Mr. Cohen was an associate at the law firm of Proskauer Rose Goetz & Mendelsohn. Mr. Cohen is a member of the bar in both New York and Florida.

Douglas J. Lambert has been a Director since August 2001. He is presently a managing director and Co-CEO of the Financial Industry Advisory Services practice group of Alvarez and Marsal, LLC. Mr. Lambert was a Senior Vice President of Wexford Capital LLC. From 1983 to 1994, Mr. Lambert held various financial positions with Integrated Resources, Inc.'s Equipment Leasing Group, including Treasurer and Chief Financial Officer. He is a Certified Public Accountant.

Mark L. Plaumann has been a Director since June 2002. He is presently a Managing-Member of Greyhawke Capital Advisors LLC, which he co-founded in 1998. From 1995 to 1998, Mr. Plaumann was a Senior Vice President of Wexford Capital LLC. From 1990 to 1995, Mr. Plaumann was employed by Alvarez & Marsal, Inc. as a Managing Director. From 1985 to 1990, Mr. Plaumann worked for American Healthcare Management, Inc., where he attained the position of President. From 1974 to 1985, Mr. Plaumann worked in both the audit and consulting divisions of Ernst & Young, where he attained the position of Senior Manager and he is a Certified Public Accountant. Mr. Plaumann previously served as Chair of our Audit Committee and is currently Chair of our Compensation Committee. Mr. Plaumann is also a board member of the general partner of Rhino Resources Partners, LP and Diamondback Energy, Inc.

Neal S. Cohen has been a Director since October 2009. He is executive Vice President and Chief Financial Officer for Alliant Techsystems Inc. Prior to that, Mr. Cohen was President and Chief Operating Officer at Laureate Education Inc. Previously, Mr. Cohen was Executive Vice President for international strategy and chief executive officer for regional airlines at Northwest Airlines Inc. In addition, Mr. Cohen had served as Executive Vice President and Chief Financial Officer at Northwest Airlines Inc. Prior to his tenure with Northwest Airlines Inc., Mr. Cohen was Executive Vice President and Chief Financial Officer for US Airways Inc. Mr. Cohen has served as Chief Financial Officer for various service and financial organizations as well as Sylvan Learning Systems, Inc., the predecessor company of Laureate Education, Inc. Mr. Cohen is currently the Lead Independent Director for our Board of Directors.

The Board of Directors unanimously elected Daniel P. Garton as a Director of the Company effective January 3, 2014. Mr. Garton, age 56, previously served as the President and Chief Executive Officer of American Eagle Airlines. Mr. Garton was named President and Chief Executive Officer of AMR Eagle Holding Corporation, a wholly-owned subsidiary of AMR (AMR Eagle), in June 2010. Mr. Garton served as Executive Vice President-Marketing of American from September 2002 to June 2010. He served as Executive Vice President-Customer Services of American from January 2000 to September 2002 and Senior Vice President-Customer Services of American from 1998 to January 2000. Prior to that, he served as president of AMR Eagle from 1995 to 1998. Except for two years as Senior Vice President and Chief Financial Officer of Continental Airlines between 1993 and 1995, he had served AMR in various management positions since 1984.

The Board of Directors also unanimously elected Robert L. Colin as a Director of the Company effective as of February 10, 2014 and appointed him as the chairman of the Audit Committee. Mr. Colin is an "audit committee financial expert". Mr. Colin, age 58, has more than 30 years of experience and leadership in the areas of accounting, auditing and financial reporting. Most recently, Mr. Colin was Chief Financial Officer, BrightPoint Americas from May 2012 until April 2013; and he served as Senior Vice President, Chief Accounting Officer and Controller of BrightPoint, Inc. from August 2011 until May 2012. Before joining BrightPoint, Mr. Colin served as a partner for Deloitte & Touche LLP, Assurance from 1994 to 2011. Mr. Colin is licensed as a Certified Public Accountant.